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ARIZONA CORPORATION COMMISSION RECEIVED

October 23, 2007

2007 OCT 23 P 2: 36

AZ CORP COMMISSION
DOCKET CONTROL

Mr. Peter Reznick
Mountain Dell Water, Inc.
1492 W. Palmer Avenue
Flagstaff, AZ. 86001

RE: MOUNTAIN DELL WATER, INC. - APPLICATION FOR A RATE INCREASE,
DOCKET NO. W-01877A-07-0540

LETTER OF DEFICIENCY

Dear Mr. Reznick:

In reference to your rate application received on September 24, 2007, this letter is to inform you that your application has not met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103.

Staff has found several deficiencies with your application, which are listed on a separate attachment. The 30-day sufficiency determination period will begin anew when the Company corrects the deficiencies and Docket Control receives an original and sixteen copies of the corrected pages.

You have 15 calendar days, or until November 7, 2007, to correct the deficiencies or make other arrangements with Staff to remedy your rate application. If the corrections or other arrangements are not made by the above date, Staff will request your docket number be administratively closed. Docket Control will retain one copy of the original application for Commission records. You may file an original and sixteen copies of an updated application at a later date.

The Staff person assigned to your application is Dennis R. Rogers. He can be reached at (602) 542-0871, or toll free at (800) 222-7000, if you have any questions or concerns.

Arizona Corporation Commission

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Sincerely,

Elijah Abinah

Elijah Abinah
Assistant Director/Acting Chief Accountant
Financial & Regulatory Analysis Section
Utilities Division

CC: Docket Control Center (sixteen copies)
Lyn Farmer, Hearing Division
Delbert Smith, Engineering
Consumer Services
Legal Division

Attachment of Deficiencies (10/23/2007)

- 1.1 Page 31, Bill Count Summary. The bill count summary does not produce the revenues listed on Page 19, Metered Water Sales. The application narrative, Page 3, states that the actual bill count revenue is \$42,110. The bill counts supplied with the application produce revenues totaling \$39,337, a deficiency of \$2,773 and 6.9%.
- 1.2 Page 18. Water Use Data Sheet. The Company's Gallons Sold is exactly the same, by month, Gallons reported as pumped. Please indicate the actual gallons pumped by month during the test year.
- 1.3 Please provide the arsenic levels determined for each individual well.
- 1.4 Please provide the number of connections that the Company expects to add for the next five years. (2007 thru 2011).